

立法會
Legislative Council

LC Paper No. CB(2)788/12-13
(These minutes have been seen
by the Administration)

Ref : CB2/SS/2/12

**Subcommittee on
Minimum Wage Ordinance (Amendment of Schedule 3) Notice 2012 and
Employment Ordinance (Amendment of Ninth Schedule) Notice 2012**

**Minutes of meeting
held on Saturday, 19 January 2013, at 9:00 am
in Conference Room 1 of the Legislative Council Complex**

Members present : Hon TAM Yiu-chung, GBS, JP (Chairman)
Hon LEE Cheuk-yan
Hon LEUNG Yiu-chung
Hon Emily LAU Wai-hing, JP
Hon Tommy CHEUNG Yu-yan, SBS, JP
Hon WONG Kwok-hing, MH
Hon WONG Ting-kwong, SBS, JP
Hon Cyd HO Sau-lan
Hon WONG Yuk-man
Hon Steven HO Chun-yin
Hon YIU Si-wing
Hon LEUNG Che-cheung, BBS, MH, JP
Hon KWOK Wai-keung
Hon SIN Chung-kai, SBS, JP
Hon Martin LIAO Cheung-kong, JP
Hon POON Siu-ping, BBS, MH
Dr Hon CHIANG Lai-wan, JP

Members absent : Hon Albert HO Chun-yan
Hon Jeffrey LAM Kin-fung, GBS, JP
Hon Andrew LEUNG Kwan-yuen, GBS, JP
Hon Ronny TONG Ka-wah, SC
Hon CHEUNG Kwok-che
Hon WONG Kwok-kin, BBS
Hon Christopher CHEUNG Wah-fung, JP
Hon TANG Ka-piu

Public Officers : Item I
attending

Miss Mabel LI Po-yi
Assistant Commissioner for Labour
(Development)

Mr William MAK Chi-tung
Chief Labour Officer (Statutory Minimum Wage),
Labour Department and
Secretary of Minimum Wage Commission

Miss Cecilia LAM Kwok-ying
Senior Economist (Statutory Minimum Wage),
Economic Analysis and Business Facilitation Unit,
Financial Secretary's Office

Attendance : Item I
by invitation

Hong Kong Catering Industry Association

Mr WOO Lun
Member

Institution of Dining Art

Mr Kelvin YAU
First Vice-Chairman

Manpower Concern Group

Mr WONG Kwai-sang
Member

Hong Kong Federation of Restaurants & Related Trades

Mr TAM Hop-sing
Chief Executive Officer

Individual

Mr Peter SHIU, Eastern District Council member

Liberal Party Youth Committee

Mr Dominic LEE
Chairman

Individual

Mr KWOK Chung-man

Hong Kong Confederation of Trade Unions

Ms WU Sui-shan
Organizing Secretary

Catering and Hotels Industries Employees General Union

Ms LUK Kam-shing
Secretary

People's Alliance for Minimum Wage

Mr POON Man-hon
Representative

Cleaning Service Industry Workers Union

Mr LAM Yung-ki
Organizing Secretary

Democratic Party

Mr OR Yiu-lam
Member of Central Committee

Hong Kong Buildings Management and Security
Workers General Union

Mr YIU Chung-yiu
Chairman

Hong Kong Vehicle Transportation Association

Mr CHAN Kwok-kwong
Chairman

Association of Restaurant Managers

Mr LEUNG Kui-tang
Vice-Chairman

Labour Party

Mr Geoff LAM
Representative

Clerk in attendance : Miss Betty MA
Chief Council Secretary (2) 1

Staff in attendance : Miss Evelyn LEE
Assistant Legal Adviser 10

Ms Rita LAI
Senior Council Secretary (2) 1

Ms Kiwi NG
Legislative Assistant (2) 1

Miss Lulu YEUNG
Clerical Assistant (2) 1

Action

I. Meeting with deputations and the Administration

The Subcommittee deliberated (index of proceedings attached at **Annex**).

2. The Subcommittee received oral representations from 16 deputations and individuals on the Minimum Wage Ordinance (Amendment of Schedule 3) Notice 2012 and the Employment Ordinance (Amendment of Ninth Schedule) Notice 2012 ("the Notices"). The major views of the deputations/individuals are set out in the **Annex**.

3. Members noted that the following organizations not attending the meeting had provided the Subcommittee with written submissions -

- (a) Federation of Hong Kong Industries; and

Action

- (b) Democratic Alliance for the Betterment and Progress of Hong Kong.

4. The Chairman said that the Subcommittee had completed the scrutiny of the Notices. He would report the deliberations of the Subcommittee to the House Committee on 25 January 2013.

II. Any other business

5. There being no other business, the meeting ended at 11:21 am.

Council Business Division 2
Legislative Council Secretariat
13 March 2013

**Proceedings of meeting of the Subcommittee on
Minimum Wage Ordinance (Amendment of Schedule 3) Notice 2012 and
Employment Ordinance (Amendment of Ninth Schedule) Notice 2012
held on Saturday, 19 January 2013, at 9:00 am
in Conference Room 1 of the Legislative Council Complex**

Time marker	Speaker(s)	Subject(s)	Action Required
<i>Agenda item I - Meeting with deputations and the Administration</i>			
000000 - 000558	Chairman	Opening remarks	
000559 - 000912	Hong Kong Catering Industry Association ("HKCIA")	<p>Presentation of views as detailed in the joint submission (LC Paper No. CB(2)520/12-13(01))</p> <p>(a) objecting to the upward adjustment of the statutory minimum wage ("SMW") rate to \$30 per hour. In the light of the labour-intensive nature of the catering industry, the revised SMW rate would increase the labour costs and exert great pressure on business operation; and</p> <p>(b) according to HKCIA's estimation of the impact of SMW on labour costs, the additional wage bill would rise by 4%, instead of the 1.5% increase as projected by the Minimum Wage Commission ("MWC").</p>	
000913 - 001218	Institution of Dining Art ("IDA")	<p>Presentation of views as detailed in the submission (LC Paper No. CB(2)505/12-13(01))</p> <p>(a) objecting to the upward adjustment of the SMW rate to \$30 per hour, which would push up inflation. The ripple effect of the implementation of SMW had been emerging as many restaurants had to transfer the increase in staff costs to the consumers; and</p> <p>(b) the Administration should consider the viability of importation of lower-skilled workers to address the acute problem of labour shortage in the catering industry.</p>	

Time marker	Speaker(s)	Subject(s)	Action Required
001219 - 001524	Manpower Concern Group Chairman	<p>Presentation of views -</p> <p>as a result of an acute shortage of manpower in the telebet department of the Hong Kong Jockey Club, it was extremely difficult for the staff therein to handle the great number of telephone calls from customers. Such working condition had also caused serious health problem of employees concerned.</p>	
001525 - 001842	Hong Kong Federation of Restaurants & Related Trades ("the Federation")	<p>Presentation of views as detailed in the submission (LC Paper No. CB(2)505/12-13(02))</p> <p>(a) the implementation of SMW had led to direct increase in wage costs in the catering sector. Coupling with high rentals and increasing prices of raw materials, the sector faced extreme operating difficulties; and</p> <p>(b) the catering industry was short of labour by about 20%, and many workers had to work overtime or long hours.</p>	
001843 - 002047	Mr Peter SHIU, Eastern District Council member	<p>Presentation of views as detailed in the submission (LC Paper No. CB(2)531/12-13(01))</p> <p>(a) since the implementation of SMW, the income of low-paid employees had been improved which had outpaced the inflation rate; and</p> <p>(b) an upward adjustment of the SMW rate to \$30 per hour, representing an increase of 7.1%, would push up the inflationary pressure and result in inflationary spiral. The Administration should be mindful of the far-reaching impact of SMW on the economy in making adjustment to the SMW rate.</p>	
002048 - 002330	Liberal Party Youth Committee ("LPYC")	<p>Presentation of views as detailed in the submission (LC Paper No. CB(2)531/12-13(02))</p> <p>(a) since the implementation of SMW in May 2011, the robust local economy had cushioned considerably the negative impact</p>	

Time marker	Speaker(s)	Subject(s)	Action Required
		<p>of SMW on the labour market. Yet, the unemployment rate for young people was higher than the overall unemployment rate; and</p> <p>(b) the implementation of SMW had resulted in soaring inflation. Some small and medium-sized enterprises had ceased to operate and their business had been taken up by large enterprises.</p>	
002331 - 002543	Mr KWOK Chung-man	<p>Presentation of views -</p> <p>(a) the revised SMW rate would be insufficient for the grassroots workers to beat the inflation; and</p> <p>(b) the SMW rate should be increased to a level higher than \$30 per hour.</p>	
002544 - 002852	Catering and Hotels Industries Employees General Union ("the General Union")	<p>Presentation of views -</p> <p>(a) the revised SMW rate of \$30 per hour would be too low for the grassroots workers to support the basic living of their families; and</p> <p>(b) the SMW rate should be revised to \$35 per hour to narrow the disparity between the rich and the poor.</p>	
002853 - 003156	People's Alliance for Minimum Wage ("the Alliance")	<p>Presentation of views as detailed in the submission (LC Paper No. CB(2)531/12-13(03))</p> <p>(a) based on the statistics released by the Census and Statistics Department ("C&SD"), high rental rather than SMW was the main cause of inflation; and</p> <p>(b) the Alliance was disappointed with the revised SMW rate. The real wage of grassroots workers had been reduced despite of an increase of the SMW rate by 7.1% as the adjustment was lower than the cumulative inflation rate in the past two years. The implementation of SMW could not address the problem of the working poor.</p>	

Time marker	Speaker(s)	Subject(s)	Action Required
003157 - 003516	Cleaning Service Industry Workers Union	<p>Presentation of views -</p> <p>(a) the adjustment made to the SMW rate lagged far behind the rising inflation and it would be insufficient for grassroots workers to support their basic living; and</p> <p>(b) the SMW rate should be revised to \$35 per hour and be reviewed on a yearly basis.</p>	
003517 - 003828	Democratic Party	<p>Presentation of views as detailed in the submission (LC Paper No. CB(2)513/12-13(01))</p> <p>(a) the SMW rate should be no lower than \$33 per hour and should be reviewed on an annual basis so as to be in line with the practice adopted by other Asian SMW jurisdictions;</p> <p>(b) increasing the SMW rate by \$2 per hour could not offset the impact of soaring inflation on grassroots workers; and</p> <p>(c) the implementation of SMW had encouraged more labour force, in particular the elderly and women, to join the labour market.</p>	
003829 - 004141	Hong Kong Buildings Management and Security Workers General Union	<p>Presentation of views -</p> <p>(a) the SMW rate should be increased to \$33 per hour just to catch up with the cumulative inflation;</p> <p>(b) to protect the basic living of the grassroots workers, the SMW rate should be set at a level such that the income of workers would not be lower than the Comprehensive Social Security Assistance payments. Thus, the SMW rate should be revised to \$35 per hour in order to meet the basic needs of living; and</p> <p>(c) the review of the SMW rate should be conducted on a yearly basis so as to be in line with the practice in other SMW jurisdictions.</p>	

Time marker	Speaker(s)	Subject(s)	Action Required
004142 - 004254	Hong Kong Vehicle Transportation Association	<p>Presentation of views -</p> <p>the industry encountered labour shortage since the implementation of SMW, even though the hourly wage had been raised to more than \$50, as employees in the industry had switched to take up jobs in other industries with more favourable working conditions.</p>	
004255 - 004408	Association of Restaurant Managers ("ARM")	<p>Presentation of views as detailed in the joint submission (LC Paper No. CB(2)520/12-13(01))</p> <p>the implementation of SMW had induced knock-on effect on the restaurant sector, which was labour-intensive, as shown from an increase of around 12% in the overall staff costs.</p>	
004409 - 004716	Hong Kong Confederation of Trade Unions ("HKCTU")	<p>Presentation of views -</p> <p>(a) the SMW rate should be determined having regard to the basic needs of employees, with a view to improving their livelihood and enhancing the quality of life; and</p> <p>(b) low wages and long working hours would give rise to considerable social costs, which would be borne by the community at large.</p>	
004717 - 005300	Chairman Mr WONG Kwok-hing Admin	<p>Mr WONG Kwok-hing's view that the SMW rate should be reviewed on an annual basis so as to address the problem of time lag between data collection and implementation of revised SMW rate. An annual wage adjustment cycle in accordance with the inflation rate and movement of Consumer Price Index ("CPI") compiled by C&SD was in line with the salary adjustment mechanism of the civil service and most of the employees in Hong Kong.</p> <p>The Administration's response that the Minimum Wage Ordinance (Cap. 608) ("MWO") specified that MWC should report on the SMW rate at least once in every two years, without precluding more frequent rate review if there was evidence supporting the need. In the light of the far-reaching impact of SMW, MWC had made reference to relevant statistics in a Basket of Indicators covering various employment, social and economic conditions and taken into</p>	

Time marker	Speaker(s)	Subject(s)	Action Required
		account views of stakeholders and interested parties, instead of setting the rate by applying a mathematical formula solely based on inflation.	
005301 - 005853	Mr LEE Cheuk-yan Admin Chairman	<p>Mr LEE Cheuk-yan's view that the problem of labour shortage in certain industries should not be attributed to the implementation of SMW but because of the buoyant economy. In the light of the time lag between data collection and implementation of the revised SMW rate, the number of employees involved and the coverage of SMW might dwindle after SMW uprating with the persistent rise in wages. The review of the SMW rate should be conducted on an annual basis.</p> <p>The Administration's response that in recognition of an inevitable time lag between the date of making recommendation and the date of implementation of the revised SMW rate, apart from the findings of C&SD's Annual Earnings and Hours Survey, MWC had made reference to a large number of other indicators which were more frequently updated. Moreover, MWC had taken into account short-term economic and labour market outlook to conduct scenario testing with an attempt to have more thorough consideration when reviewing the SMW rate. The Administration would monitor the implementation of SMW closely and in the event that there was evidence supporting the need, a review of the SMW rate could be conducted within less than two years.</p>	
005854 - 010557	Mr KWOK Wai-keung Admin LPYC	<p>Mr KWOK Wai-keung's view that the call for importation of labour sought to lower the labour costs in running business. Mr KWOK's further view that review of the SMW rate should be conducted on an annual basis so as to improve the livelihood of grassroots workers.</p> <p>The Administration's response that stakeholders had different views on the review cycle of the SMW rate. The Administration would monitor the implementation of SMW closely and MWO did not preclude more frequent rate review if there was evidence supporting the need.</p>	

Time marker	Speaker(s)	Subject(s)	Action Required
010558 - 011113	Chairman Mr Tommy CHEUNG	<p>Mr Tommy CHEUNG's objection to reviewing the SMW rate on an annual basis because of the insufficiency of data for assessing the ripple effect of implementing SMW.</p> <p>Mr CHEUNG's concern about the knock-on effect and ripple effect induced by the implementation of the initial SMW rate. He pointed out that the average wage of about 50% of employees in the catering industry had been increased after the implementation of SMW.</p>	
011114 - 012246	Ms Emily LAU HKCTU the Alliance the General Union Chairman ARM IDA the Federation	<p>Ms Emily LAU's remarks that the Democratic Party was in support of reviewing the SMW rate on an annual basis.</p> <p>Ms LAU's invitation of views from deputations on the manpower problem of the catering industry.</p> <p>Views of representatives of labour unions/concern groups that difficulties in staff recruitment and retention were due to the unfavourable working conditions in specific industries, such as long working hours, low wages and lack of promotion prospects.</p> <p>Views of the employers' associations that the prevailing wage levels had been adjusted in the light of the supply and demand of the labour market. A biennial review of the SMW rate was appropriate. Consideration should be given to importing lower-skilled workers to relieve the labour shortage problem in specific industries.</p>	
012247 - 012655	Mr POON Siu-ping Admin	<p>Mr POON Siu-ping's enquiry about the assessment of the economic impact of the revised SMW rate.</p> <p>The Administration's response that at the revised SMW rate of \$30 per hour -</p> <p>(a) assuming a full pass-through of additional wage bills to prices of products and services, MWC estimated that the Composite CPI would go up by about 0.3 to 0.4 percentage point. As a measure of inflation on the grassroots, CPI(A) was estimated to rise by 0.5 to 0.6 percentage</p>	

Time marker	Speaker(s)	Subject(s)	Action Required
		<p>point. However, as a full pass-through of additional wage bills to consumer prices would be unlikely, the actual impact on inflation should be milder; and</p> <p>(b) according to the analysis of changes in the profit ratio as detailed in the report of MWC, it was estimated that about 1 200 enterprises would turn from profits to losses due to the additional wage bills under the "base case" scenario assuming low economic growth.</p>	
012656 - 013651	<p>Mr LEUNG Yiu-chung Chairman HKCIA Admin ARM The General Union</p>	<p>Mr LEUNG Yiu-chung's enquiry about the wage adjustment cycle for employees in the catering industry prior to the implementation of SMW, and the impact of wage increase and high rental on the operating costs.</p> <p>Response of HKCIA that wage level of employees in the catering industry would be adjusted based on the operation of individual operators. Staff costs accounted for a major component of the operating costs of the catering industry.</p> <p>Views of ARM and General Union that employers should offer higher wages to address the labour shortage problem in specific industries.</p> <p>Mr LEUNG's view that the SMW rate should be reviewed on an annual basis, and it did not necessarily result in an upward adjustment of the SMW rate.</p> <p>The Administration's response that in accordance with MWO, MWC should report on the SMW rate at least once in every two years, without precluding more frequent rate review if there was evidence supporting the need. It was important to ensure that the SMW rate, while setting a wage floor to prevent excessively low wages, would not have significant adverse impact on the employment opportunities of the vulnerable employees, nor unduly jeopardize the labour market flexibility and economic competitiveness of Hong Kong.</p>	

Time marker	Speaker(s)	Subject(s)	Action Required
013652 - 014217	Mr Martin LIAO Admin	<p>Mr Martin LIAO's concern about the problem of manpower mismatch following the implementation of SMW, which would be aggravated after the SMW uprating. His enquiry about the measures put in place to address the problem.</p> <p>The Administration's response that MWC had reviewed and deliberated the SMW rate through an evidence-based approach and in a comprehensive, objective and balanced manner. After the implementation of SMW, there was a persistent growth in the total employment. The Administration had put in place a series of employment programmes for job seekers and employers.</p>	
014218 - 014553	Mr WONG Yuk-man	<p>Mr WONG Yuk-man's strong dissatisfaction with the increase of the SMW rate by \$2 only. Given the findings of the impact assessment showed that the knock-on effect and ripple effect on business would be moderate, the SMW rate should be increased to no lower than \$33 per hour. The operation difficulties encountered by most employers were mainly due to high rental.</p>	
014554 - 014934	Chairman Labour Party	<p>Presentation of views -</p> <p>(a) the increase of the SMW rate by 7.1% could not catch up with the cumulative inflation and the increase in charges for public services and utilities in the past two years. Instead of implementing SMW, high rental and the linked exchange rate system had made the business environment difficult; and</p> <p>(b) the SMW rate should be revised to \$35 per hour and review of the SMW rate should be conducted on an annual basis.</p>	
014935 - 015230	Mr YIU Si-wing Admin	<p>Mr YIU Si-wing's concern about the recruitment difficulties faced by certain sectors after the implementation of SMW. His view that the Administration should conduct statistical analysis on the staff turnover in specific industries before and after the implementation of SMW so as to better understand the problem of manpower mismatch and draw up appropriate measures.</p>	

Time marker	Speaker(s)	Subject(s)	Action Required
		<p>The Administration's response that C&SD regularly collated various employment-related statistics including the number of job vacancies in different sectors. The Administration would continue to monitor the implementation of SMW closely.</p>	
015231 - 015935	<p>Chairman Mr KWOK Wai-keung Admin the Federation</p>	<p>Mr KWOK Wai-keung's enquiry about the basis for estimating 1 200 enterprises would turn from profit to loss if the SMW rate was to be revised to \$30.</p> <p>The Administration's explanation that the estimation was based on C&SD's Annual Survey of Economic Activities.</p>	
015936 - 020747	<p>Dr CHIANG Lai-wan Mr WONG Yuk-man</p>	<p>Views of Dr CHIANG Lai-wan that the Democratic Alliance for the Betterment and Progress of Hong Kong respected the decision of MWC to recommend revising the SMW rate from \$28 to \$30. Yet, the Administration should consider setting out explicitly the circumstances and considerations under which the Administration would kick start the review of the SMW rate ahead of the two-year cycle.</p>	
020748 - 021223	<p>Chairman Mr KWOK Wai-keung</p>	<p>Mr KWOK Wai-keung's reservation about the suggestion of importing labour to address the problem of labour shortage in specific industries. He appealed to large enterprises to providing training for their employees.</p> <p>Mr KWOK's concern about the undesirable employment terms and conditions for workers in the catering industry.</p>	
021224 - 021322	<p>Chairman Manpower Concern Group</p>	<p>Concerns about the employment terms and conditions of part-time staff working in the telebet department of the Hong Kong Jockey Club.</p>	
021323 - 021531	<p>Mr KWOK Chung-man The Federation ARM</p>	<p>Discussion on the difficulties in staff recruitment in the catering industry</p>	

Time marker	Speaker(s)	Subject(s)	Action Required
021532 - 021811	Chairman ALA10	Scrutiny of the detailed provisions of the Minimum Wage Ordinance (Amendment of Schedule 3) Notice 2012 Members raised no questions on sections 1 to 3 of the Notice.	
021812 - 021923	Chairman ALA10	Scrutiny of the detailed provisions of the Employment Ordinance (Amendment of Ninth Schedule) Notice 2012 Members raised no questions on sections 1 to 3 of the Notice.	
<i>Agenda item II - Any other business</i>			
021924 - 022214	Chairman Ms Emily LAU Clerk	Legislative timetable of the Notices. Closing remarks.	

Council Business Division 2
Legislative Council Secretariat
13 March 2013